

## AUTHORIZING CONSTRUCTION OF BRIDGE OVER PANAMA CANAL AT BALBOA, CANAL ZONE

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JUNE 6, 1956.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. GARMATZ, from the Committee on Merchant Marine and Fisheries, submitted the following

### R E P O R T

[To accompany H. R. 9801]

The Committee on Merchant Marine and Fisheries, to whom was referred the bill (H. R. 9801) to authorize and direct the Panama Canal Company to construct, maintain, and operate a bridge over the Panama Canal at Balboa, Canal Zone, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

In 1942, in consideration of the use of certain sites in the Republic of Panama for the common defense during World War II, the United States agreed to construct a bridge or tunnel across the canal near its southern terminus. Nothing was done with respect to fulfillment of the commitment, and the subject was again raised in connection with the treaty negotiations between Panama and the United States in 1954 and 1955. The memorandum of understanding accompanying the 1955 treaty provided that legislative authorization and appropriation for the bridge would be sought.

Cost of the bridge is stated to be \$20 million, which is not to be charged to the Panama Canal Company, since the expense is extraordinary and based on national policy rather than the operations of the Company. For the same reason, cost of operation and maintenance are not chargeable against tolls.

The area is presently served by a ferry and there is no evidence that the bridge is justified by either present or prospective traffic. However, the agreements made in 1942 and 1955 must be observed, for which reason this bill is reported favorably.

The departmental reports follow:

DEPARTMENT OF STATE,  
Washington, D. C., April 4, 1956.

HON. HERBERT C. BONNER,  
*Chairman, Committee on Merchant Marine and Fisheries,  
House of Representatives.*

DEAR MR. BONNER: I refer to your letter of March 8, 1956, in which you requested the views and recommendations of the Department relative to H. R. 9801, a bill to authorize and direct the Panama Canal Company to construct, maintain, and operate a bridge over the Panama Canal at Balboa, C. Z.

The reference bill would authorize the carrying out of a commitment originally undertaken by this Government in 1942 as part of the consideration for the grant by Panama of the use of defense sites within her jurisdiction in World War II. The delay by this Government in acting upon this undertaking in the postwar years, however justifiable, has subjected this Government to charges of bad faith and the matter became a source of friction in relations with Panama. Therefore, in the memorandum of understandings reached signed with Panama in January 1955, this Government agreed to seek the necessary authorizing legislation and appropriations for the construction of the bridge referred to in the 1942 undertaking.

It is the view of the Department that the carrying out of this commitment will remove a long-standing irritant in our relations with Panama and will contribute significantly to the improvement and strengthening of those relations. The Department accordingly recommends prompt and favorable action by the Congress on H. R. 9801.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

ROBERT C. HILL,  
*Assistant Secretary.*  
(For the Secretary of State).

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COMPTROLLER GENERAL OF THE UNITED STATES,  
Washington, April 5, 1956.

HON. HERBERT C. BONNER,  
*Chairman, Committee on Merchant Marine and Fisheries,  
House of Representatives.*

DEAR MR. CHAIRMAN: Your letter of March 8, 1956, acknowledged March 9, requests our views and recommendations on H. R. 9801.

The bill provides for the construction, maintenance, and operation of a high level bridge over the Panama Canal at Balboa by the Panama Canal Company. At the present time the Canal Zone Government has jurisdiction over and responsibility for roads, streets, and highways in the Canal Zone. It is our view that the bridge authorized by H. R. 9801 should be constructed and maintained by the Canal Zone Government rather than by the Panama Canal Company.

Under the bill the expenses of construction, maintenance, and operation of the proposed bridge and its approaches would be treated as extraordinary expenses incurred through a directive based upon national policy and not related to the operation of the Panama Canal

Company. We disagree with such a concept. The net costs of operation and maintenance of the existing ferry system are recovered through tolls from vessels utilizing the canal. We are of the view that the canal enterprise should be self-sustaining. The need for that bridge is a direct result of the construction of the canal bisecting the Republic of Panama and should involve no burden upon the United States taxpayers. This would be accomplished if the bridge were to be constructed and maintained by the Canal Zone Government because the Company is required to reimburse the Treasury annually for the net cost of Canal Zone Government, including depreciation. Thus the Panama Canal Company would recover through tolls and other charges all expenses relating to the new bridge.

We also recommend that the act of May 27, 1930 (46 Stat. 388, 2 C. Z. Code 341) be repealed as of the date the high-level bridge is placed in operation. That bridge will eliminate the need for and expenses of operation of the present ferry service and probably will eliminate the need for the continued operation of Miroflores swing bridge. The Panama Canal Company operating reports indicate that the cost of operating this swing bridge together with the operating costs of the ferry system amount to approximately \$700,000 annually.

We assume that the Bureau of Public Roads has or will be requested to furnish your committee with its recommendations concerning the proposed bridge and the desirability and feasibility of integrating that bridge and its approaches into the Inter-American Highway System.

Sincerely yours,

JOSEPH CAMPBELL,  
*Comptroller General of the United States.*

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CANAL ZONE GOVERNMENT,  
OFFICE OF THE GOVERNOR,  
*Balboa Heights, C. Z., September 26, 1955.*

HON. SAM RAYBURN,  
*Speaker of the House of Representatives.*

DEAR MR. SPEAKER: The general relations agreement between the United States and Panama effected by an exchange of notes signed at Washington on May 18, 1942 (Executive Agreement Series 452, 59 Stat. 1289), contained a number of commitments on the part of the United States, most of which have been fulfilled. The agreement was related to, and was, in effect, the counterpart of, an agreement covering the lease of defense sites signed at Panama on the same date (Executive Agreement Series 359, 57 Stat. 1232). Provision for the carrying out of certain of the commitments was made by a joint resolution approved May 3, 1943 (57 Stat. 74).

Point 4 of the 1942 agreement, concerning the construction of a tunnel or bridge over the Panama Canal at Balboa, Canal Zone, is one of the few remaining commitments which have not yet been fulfilled. Point 4 of the 1942 agreement reads as follows:

*"4. The construction of a tunnel or bridge to allow transit under or over the canal at Balboa*

*"The Government of the United States is well aware of the importance to the Government and the people of Panama of constant and*

rapid communication across the Panama Canal at Balboa and is willing to agree to the construction of a tunnel under or a bridge over the canal at that point, when the present emergency has ended. Pending the carrying out of this project, the Government of the United States will give urgent attention, consistent with the exigencies of the present emergency, to improving the present ferry service."

The Department of State has advised that Point 4 commits the United States to construct a tunnel or bridge at its expense, and has requested that action to fulfill the obligation be initiated at the earliest opportunity.

Item 5 of the memorandum of understandings reached, accompanying the recently ratified 1955 Treaty with Panama, assures Panama that "legislative authorization and the necessary appropriations will be sought for the construction of a bridge at Balboa referred to in point 4 of the General Relations Agreement of 1942."

Accordingly, the enclosed draft of proposed bill which would authorize and direct the Panama Canal Company to construct, maintain, and operate a high-level bridge over the Panama Canal at Balboa, Canal Zone, is submitted for consideration by the Congress.

The cost of such a bridge is estimated at \$20 million and is recommended as compared to a tunnel under the canal which would cost an estimated \$38 million. The planning and execution of the project would, of course, be covered in the annual budget programs of the Company.

Section 1 of the proposed legislation would provide that the expenses of construction, maintenance, and operation of the bridge and approaches thereto should be treated as extraordinary expenses of the Panama Canal Company incurred through a directive based on national policy and not related to the operations of the Company. This language relates to the provisions in the Panama Canal Company Act (pars. (b) and (d) of section 246 of title 2 of the Canal Zone Code, 62 Stat. 1076, 64 Stat. 1041) which have the effect of excluding the amount of such expenditures from the net direct (interest bearing) investment of the United States in the Panama Canal Company. It is important that such declaration be included in the proposed legislation since the construction of the proposed bridge is not necessary to the operations of the Company but, rather, is the result of national policy considerations involving general relations with Panama. It is therefore intended that the cost of the construction, operation and maintenance of the bridge should not be part of the fiscal burden of the Panama Canal Company to be borne by users of the canal.

The Bureau of the Budget has advised that there is no objection to the submission of the proposed bill and this letter to the Congress.

Sincerely yours,

J. S. SEYBOLD,

*Governor of the Canal Zone; President, Panama Canal Company.*



A BILL To authorize and direct the Panama Canal Company to construct, maintain and operate a bridge over the Panama Canal at Balboa, Canal Zone.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That it is hereby declared that the United States is obligated under the terms of Point 4 of the General Relations Agreement between the United States and the Republic of Panama, effected by an exchange of notes signed at Washington on May 18, 1942 (Executive Agreement Series No. 452), to construct a tunnel under or a bridge over the Panama Canal at Balboa; that a high-level bridge at such point would be more desirable than a tunnel; that the construction, maintenance, and operation of any such bridge and the approaches thereto should be administered by the Panama Canal Company; and that the expenses of construction, maintenance, and operation of any such bridge and the approaches thereto should be treated as extraordinary expenses incurred through a directive based on national policy and not related to the operations of the Panama Canal Company.

SEC. 2. The Panama Canal Company is authorized and directed to construct, or to cause to be constructed, and to maintain and operate, a high-level bridge, including approaches, over the Panama Canal at Balboa, Canal Zone.

SEC. 3. There are hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this Act.

There are no changes in existing law.



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